

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 357 be amended to read as follows:

- 1 Page 19, between lines 1 and 2, begin a new paragraph and insert:
- 2 "SECTION 11. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
- 3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 4 JANUARY 1, 1999 (RETROACTIVE)]:
- 5 **Chapter 20. Business Inventory Credit**
- 6 **Sec. 1. As used in this chapter, "assessed value" means the**
- 7 **assessed value of inventory determined under IC 6-1.1-3.**
- 8 **Sec. 2. As used in this chapter, "inventory" has the meaning set**
- 9 **forth in IC 6-1.1-3-11.**
- 10 **Sec. 3. As used in this chapter, "pass through entity" means:**
- 11 **(1) a corporation that is exempt from the adjusted gross**
- 12 **income tax under IC 6-3-2-2.8(2);**
- 13 **(2) a partnership;**
- 14 **(3) a limited liability company; or**
- 15 **(4) a limited liability partnership.**
- 16 **Sec. 4. As used in this chapter, "state tax liability" means a**
- 17 **taxpayer's total tax liability that is incurred under:**
- 18 **(1) IC 6-2.1 (gross income tax);**
- 19 **(2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);**
- 20 **(3) IC 6-3-8 (supplemental net income tax);**
- 21 **(4) IC 6-5-10 (bank tax);**
- 22 **(5) IC 6-5-11 (savings and loan association tax);**
- 23 **(6) IC 6-5.5 (financial institutions tax); and**
- 24 **(7) IC 27-1-18-2 (insurance premiums tax);**

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 6. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the ad valorem property taxes paid by the taxpayer in the taxable year on inventory.

(b) The amount of the credit is equal to the lesser of:

(1) the ad valorem property taxes paid on inventory in the taxable year; or

(2) an amount equal to the ad valorem property taxes paid on inventory, as identified by the taxpayer, with a property tax value not exceeding the following:

(A) For a taxable year beginning in 1999, twelve thousand five hundred dollars (\$12,500).

(B) For a taxable year beginning in 2000, fifty thousand dollars (\$50,000).

(C) For a taxable year beginning in 2001, one hundred thousand dollars (\$100,000).

(D) For a taxable year beginning in 2002, one hundred fifty thousand dollars (\$150,000).

(E) For a taxable year beginning in 2003, two hundred thousand dollars (\$200,000).

(F) For a taxable year beginning in 2004, two hundred fifty thousand dollars (\$250,000).

(G) For a taxable year beginning in 2005, five hundred thousand dollars (\$500,000).

(H) For a taxable year beginning in 2006, seven hundred fifty thousand dollars (\$750,000).

(I) For a taxable year beginning in 2007, one million dollars (\$1,000,000).

(J) For a taxable year beginning after 2007, the property tax value on which the full amount of the ad valorem property taxes paid on inventory in the taxable year was imposed.

For purposes of this section, property tax value is one third (1/3) of the abstract true tax value.

Sec. 7. (a) If the amount determined under section 6(b) of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled

1 to a carryback.

2 (b) A taxpayer is entitled to a refund of any unused credit.

3 **Sec. 8. If a pass through entity does not have state income tax**
 4 **liability against which the tax credit may be applied, a shareholder**
 5 **or partner of the pass through entity is entitled to a tax credit equal**
 6 **to:**

7 (1) the tax credit determined for the pass through entity for
 8 the taxable year; multiplied by

9 (2) the percentage of the pass through entity's distributive
 10 income to which the shareholder or partner is entitled.

11 **Sec. 9. To receive the credit provided by this chapter, a taxpayer**
 12 **must claim the credit on the taxpayer's state tax return in the**
 13 **manner prescribed by the department. The taxpayer must submit**
 14 **to the department proof of payment of an ad valorem property tax**
 15 **and all information that the department determines is necessary**
 16 **for the calculation of the credit provided by this chapter."**

17 Page 19, between lines 38 and 39, begin a new paragraph and insert:
 18 "SECTION 15. [EFFECTIVE JANUARY 1, 1999
 19 (RETROACTIVE)] **IC 6-3.1-20, as added by this act, applies only to**
 20 **taxable years beginning after December 31, 1998."**

21 Renumber all SECTIONS consecutively.
 (Reference is to ESB 357 as printed April 6, 1999.)

Representative Espich